

Message Text

UNCLASSIFIED

PAGE 01 STATE 153770
ORIGIN EA-12

INFO OCT-01 ISO-00 SIG-03 IO-14 EUR-12 INR-10 PA-02
ICA-20 SP-02 EB-08 COME-00 TRSE-00 OMB-01 /085 R

DRAFTED BY:EA:KQUINN
APPROVED BY:EA:KQUINN

-----117818 170932Z /21

P 161836Z JUN 78
FM SECSTATE WASHDC
TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS PRIORITY
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY MOSCOW
AMEMBASSY ROME
USMISSION USUN NEW YORK
INFO CINCPAC HONOLULU HAWAII 0560-0566
CIA WASHDC PRIORITY PRIORITY 0000
DOD
NSA

UNCLAS STATE 153770

ROME FOR AMBASSADOR GARDNER

E.O. 11652: N/A

TAGS: SOPN, PINT, ECON

SUBJECT: SPEECH BY ASSISTANT SECRETARY HOLBROOKE ON U.S.
POLICY IN EAST ASIA

1. THE FOLLOWING IS TEXT OF AN ADDRESS BY ASSISTANT SECRETARY HOLBROOKE ENTITLED U.S. FOREIGN POLICY IN ASIA: CHANGING PERSPECTIVES, DELIVERED AT THE WESTERN GOVERNORS CONFERENCE IN HONOLULU JUNE 76, 1978.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 153770

GOVERNOR ARIYOSHI, GOVERNORS OF THE WESTERN STATES,
DISTINGUISHED GUESTS, LADIES AND GENTLEMEN.

I AM HONORED TO BE WITH YOU TODAY TO TALK ABOUT U.S.
POLICY TOWARDS ASIA AND I'M PARTICULARLY DELIGHTED TO
ONCE AGAIN HAVE THE OPPORTUNITY TO VISIT HAWAII. I WAS

FIRST HERE IN 1963 AS A YOUNG FOREIGN SERVICE OFFICER
ON MY WAY TO MY INITIAL OVERSEAS ASSIGNMENT -- VIETNAM.
I WAS STRUCK THEN AS I AM TODAY BY HOW HAWAII SYMBOLIZES
THE U.S. ROLE AS A PACIFIC NATION WITH VITAL SECURITY
AND ECONOMIC INTERESTS STRETCHING FAR INTO ASIA. TODAY,
I WOULD LIKE TO GO BEYOND THAT TRUISM AND DISCUSS WITH
YOU HOW THE UNITED STATES, AND PARTICULARLY THESE 13
WESTERN STATES, RELATE TO THE EMERGING PACIFIC COMMUNITY.

I ADMIT IT IS WITH SOME TREPEDITATION THAT I -- A MEMBER
OF THE CARTER ADMINISTRATION -- BEGIN A SPEECH TO THE
WESTERN GOVERNORS BY TALKING ABOUT WATER. HOWEVER, ON
THIS OCCASION I AM NOT GOING TO DISCUSS ANY COST-SHARING
ARRANGEMENTS BUT RATHER SOME IMPORTANT GEO-POLITICAL
FACTS ABOUT THE PACIFIC OCEAN AREA. MOST AMERICANS,
ESPECIALLY ON THE EASTERN SEABOARD, FIRST LOOK EAST TO-
WARD THE GREAT NATIONS OF EUROPE. THEY SEE ASIA AS FAR
AWAY AND RATHER EXOTIC. BUT, IN FACT, THE FAR EAST IS
NOT VERY FAR ANY MORE. IT TOOK ME ABOUT 12 HOURS TO FLY
HERE FROM WASHINGTON, BUT I WOULD NEED ONLY SEVEN MORE
TO GO ON TO TOKYO. THE TIP OF THE ALEUTIAN ISLANDS OF
THE STATE OF ALASKA EXTENDS AS FAR WEST INTO THE PACIFIC
AS NEW ZEALAND, AND IS AS CLOSE TO JAPAN AS KANSAS CITY
IS TO SAN FRANCISCO. ASIAN RUSSIA IS VISIBLE ACROSS THE
BERING STRAITS FROM ALASKA. THE SUN FIRST SHINES ON
AMERICAN TERRITORY EACH DAY IN GUAM, WHICH IS MUCH
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 153770

CLOSER TO SINGAPORE THAN TO SAN FRANCISCO.

THE PACIFIC IS AT ONCE A TRANSPORTATION ROUTE, A SOURCE
OF NATIONAL RESOURCES, INCLUDING FOOD AND ENERGY, AND
THE LOCUS OF MUCH OF THE WORLD'S POPULATION. MORE
OMINOUSLY, BECAUSE OF ITS STRATEGIC AND COMMERCIAL
IMPORTANCE, THE PACIFIC IS AN AREA OF POTENTIAL CONFLICT.
OUR LAST THREE WARS BEGAN IN ASIA, AND THE ONLY FOREIGN
ATTACKS ON AMERICAN SOIL SINCE 1812 OCCURRED IN THE
PACIFIC.

ANOTHER IMPORTANT DIMENSION OF AMERICA'S ASIAN CHARACTER
IS OF PARTICULAR SIGNIFICANCE TO THE WESTERN STATES --
THE CULTURAL AND ETHNIC BONDS PROVIDED BY THE PEOPLE WHO
HAVE IMMIGRATED HERE FROM THE ORIENT. ASIAN AMERICANS
HAVE CONTRIBUTED TO ALL ASPECTS OF AMERICAN LIFE SINCE
THE MIDDLE OF THE LAST CENTURY. IN THE STATES WHICH
YOU REPRESENT, OVER 2 MILLION PEOPLE, OR ABOUT 5 1/2
PERCENT, OF THE POPULATION CLAIM AN ASIAN HERITAGE.
OUR HOST STATE OF HAWAII PROVIDES ONE OF THE BEST
EXAMPLES OF THE INFLUENCE AND ROLE OF ASIAN AMERICANS
IN OUR SOCIETY.

WHILE THE FUNDAMENTAL NATURE OF OUR NATION'S INVOLVEMENT IN ASIA AND THE PACIFIC IS TIMELESS, WE HAVE ALREADY ENTERED A NEW ERA IN THE REGION AND IT IS TIME TO RECOGNIZE IT. IT IS AN ERA FILLED WITH HOPE, AND THE PROMISE OF STABILITY, PROSPERITY, AND THE EMERGENCE OF A GENUINE PACIFIC COMMUNITY. BUT THIS HOPE CAN BE REALIZED AND THE PROMISE FULFILLED ONLY IF THE UNITED STATES PLAYS A

MAJOR ECONOMIC ROLE AND FULFILLS ITS RESPONSIBILITY TO HELP MAINTAIN THE STRATEGIC BALANCE.

OUR POLICY OBJECTIVES ARE THUS CLEAR. TO ACHIEVE THEM REQUIRES SOME ADJUSTMENT TO THE CHANGED CIRCUMSTANCES
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 153770

WE NOW FIND IN ASIA. WHAT ARE SOME OF THESE CHANGES?
WHAT ARE THE NEW PERSPECTIVES?

THE FALL OF SAIGON MARKED THE END OF A 30-YEAR PERIOD OF HISTORY THAT BEGAN WITH THE COLLAPSE OF THE EUROPEAN AND JAPANESE COLONIAL EMPIRES IN ASIA BETWEEN 1944 AND 1954. PLAYING A REMARKABLE NEW ROLE IN WORLD AFFAIRS, THE U.S. FILLED PART OF THE RESULTING VACUUM BY SUPPORTING HEAVILY MANY OF THE NEW NATIONS OF THE REGION, WHILE COMMUNIST STATES WERE ESTABLISHED IN CHINA, NORTH KOREA AND NORTH VIETNAM. IN THIS PERIOD, AMERICAN POLICY PRODUCED SOME STRIKING SUCCESSES, AND MANY ENDURING RELATIONSHIPS. OUR PRESENCE ALLOWED MANY NEWLY INDEPENDENTS TO BUY TIME, TIME WHICH WAS OFTEN WELL USED. THE RECONSTRUCTION OF JAPAN; THE ECONOMIC MIRACLES IN TAIWAN AND KOREA; AND THE EVOLUTION OF THE ASEAN STATES INTO STRONG AND VIABLE NATIONS ARE REMARKABLE SUCCESSES IN WHICH WE PLAYED A MAJOR ROLE. BUT THE PERIOD ALSO SAW OUR INTERVENTION IN INDOCHINA, AND THIS TRIGGERED THE MOST DIVISIVE FOREIGN POLICY DEBATE THE COUNTRY HAS EVER KNOWN, A DEBATE WHICH HAS LEFT HIDDEN SCARS AND PERSISTENT MYTHS AMONG BOTH FORMER "HAWKS" AND FORMER "DOVES."

BUT AS WE DEBATED OUR PROPER ROLE IN ASIA, ASIA ITSELF WAS CHANGING RAPIDLY -- AND DRAMATICALLY -- AND NOT QUITE THE WAY MANY EXPECTED IT TO CHANGE. A FEW YEARS AGO, MANY PREDICTED THAT, IF VIETNAM FELL, WE WOULD BE ENTERING A PERIOD OF DECLINING STABILITY AS A VORACIOUS COMMUNIST MONOLITH ROLLED OVER ECONOMICALLY WEAK AND POLITICALLY SHAKY NON-COMMUNIST COUNTRIES. THESE SMALLER WARS WOULD BEGET LARGER ONES UNTIL WE WOULD BE IN DIRECT CONFRONTATION WITH ONE OF THE SUPERPOWERS.
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 153770

REALITY LOOKS FAR DIFFERENT. THE COMMUNIST COUNTRIES ARE ECONOMICALLY WEAK AND -- AFTER SHARING COMMON GROUND AGAINST US -- ARE NOW BITTERLY DIVIDED. THE SHARPENING OF THE SINO-SOVIET SPLIT, THE VIETNAMESE-CAMBODIAN BORDER SKIRMISHING AND THE RECENT DETERIORATION OF VIETNAMESE-CHINESE RELATIONS CLEARLY REVEAL SERIOUS AND CHRONIC PROBLEMS AMONG THESE COUNTRIES. THE ROOTS OF THESE THREE RIVALRIES LIE DEEP IN THE HISTORICAL AND GEO-POLITICAL REALITIES OF ASIA. WE DO NOT EXPECT THEM

TO ABATE IN THE FORESEEABLE FUTURE. THIS PRESENTS A SHARP CONTRAST WITH THE OTHER NATIONS OF THE REGION. THE FORCES OF REGIONAL ECONOMIC INTEGRATION ARE GROWING. JAPAN IS INCREASING ITS TRADE WITH THE REST OF ASIA. ASEAN - THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS -- IS SUCCESSFULLY ENGAGED IN INCREASED ECONOMIC COOPERATION THROUGH A WEB OF CONSULTATIONS ENCOMPASSING PRACTICALLY EVERY PHASE OF ECONOMIC ACTIVITY. OUR TWO-WAY TRADE WITH ASEAN IN 1977 WAS OVER 10 BILLION DOLLARS. WHEN THAT IS ADDED TO OUR APPROXIMATELY 15 BILLION DOLLARS IN TRADE WITH HONG KONG, KOREA, AND TAIWAN, THE TOTAL IS ALMOST AS LARGE AS OUR TRADE WITH JAPAN. THESE COUNTRIES -- WHOSE COMBINED POPULATION TOTALS 300 MILLION -- MORE THAN SOUTH AMERICA -- HAVE ACHIEVED BETWEEN 6 AND 11 PERCENT ANNUAL GROWTH IN GNP OVER THE LAST 6 YEARS. IT IS NOW THE ONLY GROUP OF COUNTRIES IN THE WORLD WITHIN WHICH REAL GNP'S ARE DOUBLING EVERY 7-12 YEARS. AS THESE COUNTRIES PROSPER AND MATURE, THEY WILL BE INCREASINGLY LOOKING TO U.S. MARKETS FOR MORE SOPHISTICATED PRODUCTS. TO CITE AN EXAMPLE OF PARTICULAR INTEREST TO THE WESTERN STATES, SINGAPORE'S DECISION TO PURCHASE 13 747'S AND 6 727'S FROM BOEING IS THE FIRST STEP IN A TRANSACTION WHICH WILL ULTIMATELY BE WORTH 900 MILLION DOLLARS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 153770

FROM THE STANDPOINT OF SECURITY, THE STRATEGIC BALANCE THAT EXISTS TODAY BETWEEN THE FOUR MOST POWERFUL COUNTRIES IN THE REGION -- CHINA, JAPAN, THE SOVIET UNION AND THE UNITED STATES -- IS CLEARLY IN OUR NATION'S INTERESTS. ALTHOUGH IMPORTANT DIFFERENCES REMAIN WITH PEKING, IT IS FAIR TO SAY THAT THE U.S., CHINA, AND

JAPAN SHARE AN INTEREST IN MAINTAINING THAT STABILITY --
A SIGNIFICANT AND HOPEFUL CHANGE FROM THE PATTERN OF THE
PAST HALF CENTURY IN WHICH U.S. FAR EASTERN POLICY
CONSTANTLY REQUIRED US TO CHOOSE, IN EFFECT, BETWEEN
CHINA AND JAPAN. THIS SITUATION, TRUE ONLY SINCE
HENRY KISSINGER'S 1971 TRIP TO PEKING, HAS CREATED
DRAMATIC NEW OPPORTUNITIES THROUGHOUT ASIA: IT IS ONE
OF OUR MAIN TASKS NOT TO LOSE THESE OPPORTUNITIES --
WHICH ARE DIPLOMATIC, STRATEGIC, POLITICAL, AND ECONOMIC
-- THROUGH INATTENTION, INACTION OR MISUNDERSTANDING.

THE FACE OF ASIA HAS CHANGED, AND THE U.S. ROLE MUST
CHANGE AS WELL. SINCE THE OUTSET OF THE CARTER ADMINI-
STRATION, WE HAVE TRIED TO SHAPE U.S. POLICIES TO
ACCOMMODATE THESE NEW PERSPECTIVES. U.S. POLICIES AND
ACTIONS SEEK TO MAINTAIN THE CURRENT EQUILIBRIUM AND

NOT ALLOW ANY SINGLE POWER TO ACHIEVE A PREPONDERANCE
OF INFLUENCE OR MILITARY SUPERIORITY IN THE REGION. A
NEW ROLE HAS BEEN DEFINED -- ONE THAT DOES NOT RETURN
US TO THE INAPPROPRIATE LEVEL OF EARLIER INVOLVEMENT
IN THE INTERNAL AFFAIRS OF THE REGION, AND YET DOES
NOT CONSTITUTE A CONFUSING AND DESTABILIZING "ABANDON-
MENT" OF ASIA. AS WE BEGAN THIS PROCESS AND SOME ADJUST-
MENTS TOOK PLACE, SOME ON BOTH SIDES OF THE PACIFIC
MISTOOK THEM TO MEAN A LESSENING OF AMERICAN CONCERN
UNCLASSIFIED

UNCLASSIFIED

PAGE 07 STATE 153770

ABOUT ASIA OR A REDUCED U.S. PRIORITY FOR THE REGION AS
A WHOLE. OTHERS CONCLUDED FROM THE COLLAPSE OF SAIGON,
THE CLOSING OF U.S. BASES IN THAILAND AND OUR DECISION
TO REDUCE OUR MILITARY PRESENCE IN KOREA, THAT THE U.S.
WAS ABANDONING ITS STRATEGIC AND SECURITY ROLE IN THE
REGION.

THESE NEW MYTHS ABOUT U.S. ATTITUDES TOWARD ASIA DO NOT
SQUARE WITH THE REALITY OF OUR FOREIGN POLICY AND THE
FOUR BASIC ELEMENTS OF THE ADMINISTRATION'S ASIAN AND
PACIFIC POLICY.

THE FIRST ESSENTIAL ELEMENT IS THAT WE ARE COMMITTED
TO KEEPING A STRONG, FLEXIBLE MILITARY PRESENCE IN THE
REGION TO HELP MAINTAIN THE PRESENT BALANCE OF POWER.
TO EMPHASIZE THIS POINT, THE PRESIDENT LAST MONTH SENT
VICE PRESIDENT MONDALE AND NATIONAL SECURITY ADVISOR
BRZEZINSKI ON SPECIAL MISSIONS TO ASIA. THE VICE
PRESIDENT VISITED THE PHILIPPINES, THAILAND, INDONESIA,
AUSTRALIA AND NEW ZEALAND WHILE DR. BRZEZINSKI WENT TO
KOREA AND JAPAN AFTER THE PEOPLE'S REPUBLIC OF CHINA.
AT EVERY STOP, THEY INDICATED PUBLICLY AND PRIVATELY

OUR FIRM RESOLVE TO CONTINUE TO PLAY A MAJOR ROLE IN THE REGION; AND WITH EVERY ALLY THEY REAFFIRMED THE AMERICAN TREATY COMMITMENTS TO THAT COUNTRY.

CONSIDER ALSO THE FOLLOWING:

-- EXCEPT FOR OUR PLANNED GROUND TROOP WITHDRAWALS FROM KOREA, WE WILL MAINTAIN OUR CURRENT LEVEL OF MILITARY AND NAVAL FORCES IN THE PACIFIC. IN ADDITION, WE WILL ACTUALLY INCREASE THE NUMBER OF TACTICAL AIRCRAFT IN KOREA BY 20 PERCENT THIS YEAR AND STRENGTHEN OTHER FORCES BY THE INTRODUCTION OF SEVERAL ADVANCED WEAPONS SYSTEMS WITHIN THE NEXT FEW YEARS. THIS WILL INCLUDE TRIDENT NUCLEAR MISSILES FOR OUR SUBMARINE FLEET, CRUISE UNCLASSIFIED

UNCLASSIFIED

PAGE 08 STATE 153770

MISSILES FOR OUR B-52'S, THE AWACS AIRBORNE WARNING AND CONTROL SYSTEM, AND THE LATEST ADVANCED FIGHTER AIRCRAFT,

SUCH AS F-14'S, FOR OUR CARRIERS AND F-15'S FOR AIR FORCE SQUADRONS.

-- OUR COMBAT TROOP WITHDRAWAL FROM KOREA IS BEING CONDUCTED IN A WAY THAT WILL ENSURE THAT STABILITY IS MAINTAINED ON THE PENINSULA. AS U.S. TROOPS LEAVE, WE PLAN TO TURN OVER 800 MILLION DOLLARS IN MILITARY EQUIPMENT TO BOLSTER SOUTH KOREAN FORCES, IN ADDITION TO CONTINUING ASSISTANCE TO KOREA'S MILITARY MODERNIZATION PROGRAM. THE SCHEDULED DEPARTURE OF OUR FORCES HAS BEEN "BACK-LOADED" WITH ONLY ONE BATTALION LEAVING THIS YEAR, TWO MORE IN 1979, AND THE WITHDRAWAL CONTINUING INTO 1981-1982. THIS CAREFUL PHASING WILL GIVE US AMPLE OPPORTUNITY TO ASSESS NORTH KOREA'S BEHAVIOR AND WILL GIVE SEOUL TIME TO TRAIN AND EQUIP ITS UNITS. OUR COMMITMENT TO THE REPUBLIC OF KOREA REMAINS FIRM. SOUTH KOREAN FORCES NOW DEFEND VIRTUALLY THE ENTIRE DMZ WITH U.S. MILITARY COMPRISING ONLY FIVE PERCENT OF ALL FORCES IN THE COUNTRY. WE BELIEVE THAT THE U.S. DIVISION CAN BE WITHDRAWN WITHOUT JEOPARDIZING THE STABILITY WHICH HAS EXISTED FOR THE PAST 25 YEARS.

-- WITH THE AGREEMENT OF THE PHILIPPINE GOVERNMENT, AND WITH FULL REGARD FOR PHILIPPINE SOVEREIGNTY, WE ARE COMMITTED TO MAINTAINING THE TWO IMPORTANT U.S. BASES IN THE PHILIPPINES. THIS WILL ENHANCE OUR ABILITY TO PROJECT U.S. MILITARY STRENGTH INTO SOUTHEAST ASIA, THE INDIAN OCEAN, THE PERSIAN GULF AND EAST AFRICA, AND TO PROTECT PACIFIC AND INDIAN OCEAN SHIPPING LANES OVER WHICH 90 PERCENT OF MIDDLE EASTERN OIL IS TRANSPORTED. UNCLASSIFIED

UNCLASSIFIED

PAGE 09 STATE 153770

THE SECOND ELEMENT OF OUR STRATEGY IS OUR RELATIONSHIP WITH JAPAN -- STILL THE CORNERSTONE OF OUR ASIAN POLICY. OUR FUNDAMENTAL RELATIONSHIP HAS NEVER BEEN BETTER DESPITE SERIOUS ECONOMIC STRESSES. THE DEPTH OF COMMITMENT THAT BOTH COUNTRIES HAVE BROUGHT TO RELIEVING THESE STRESSES, AND THE EFFORTS OF PRIME MINISTER FUKUDA AND PRESIDENT CARTER HAVE HELPED US RESOLVE SOME DIFFICULT PROBLEMS, SUCH AS THE TOKAI MURA NUCLEAR FACILITY, COLOR TV AND SPECIALTY STEEL IMPORTS AND FISHING RIGHTS DISPUTES. PERHAPS THE MOST SIGNIFICANT EFFORT HAS BEEN OUR JOINT UNDERTAKING TO ADDRESS JAPAN'S CURRENT ACCOUNT SURPLUS -- WHICH REACHED 14 BILLION DOLLARS IN 1977. SPARKED BY EFFORTS OF MEN SUCH AS MINISTER USHIBA, AMBASSADOR TOGO, AMBASSADOR STRAUSS AND AMBASSADOR MANSFIELD, WE HAVE AGREED TO A NUMBER OF STEPS SUCH AS:

-- JAPANESE AGREEMENT TO INCREASE BEEF AND CITRUS

IMPORT QUOTAS.

-- ESTABLISHMENT OF A U.S.-JAPAN FOREST PRODUCTS STUDY GROUP TO EXPLORE WAYS TO EXPAND TRADE IN THIS AREA.

-- ESTABLISHMENT OF A U.S.-JAPAN TRADE FACILITATION COMMITTEE TO EXPAND U.S. EXPORTS TO JAPAN BY RESOLVING MARKET ACCESS PROBLEMS ENCOUNTERED BY U.S. FIRMS.

IN ADDITION, JAPAN HAS DECIDED TO STIMULATE ITS DOMESTIC DEMAND TO ABSORB PRODUCTION AND REDUCE PRESSURE TO EXPORT.

WE ARE CONTINUING REGULAR DISCUSSIONS WITH JAPAN IN SUPPORT OF THESE STEPS. THE JAPANESE CURRENT ACCOUNT SURPLUSES AND OUR BILATERAL DEFICITS WITH JAPAN CONTINUE TO BE LARGE, BUT WE BELIEVE THAT THE TREND WILL MOVE IN THE RIGHT DIRECTION IF BOTH NATIONS REMAIN FIRMLY COMMITTED

UNCLASSIFIED

UNCLASSIFIED

PAGE 10 STATE 153770

TO THE GOALS WE HAVE SET FOR OURSELVES IN REMEDYING THIS SERIOUS PROBLEM. I SHOULD ALSO EMPHASIZE SOMETHING EQUALLY IMPORTANT, BUT LESS VISIBLE -- THE MULTILATERAL TRADE NEGOTIATIONS. MINISTER USHIBA AND AMBASSADOR STRAUSS AGREED TO GET DOWN TO SERIOUS BUSINESS ON THE MTN. THEY ARE NOW MOVING AT TOP SPEED ALONG WITH THE EUROPEAN COMMUNITY, AUSTRALIA, AND OTHERS TO MEET THEIR

MID-JULY DEADLINE FOR AGREEMENT ON THE MAIN ELEMENTS.

THE THIRD ELEMENT IN OUR ASIAN AND PACIFIC STRATEGY IS OUR COMMITMENT TO NORMALIZING RELATIONS WITH CHINA. WHILE WE DO NOT HAVE A FIRM TIMETABLE, ONE OF PRESIDENT CARTER'S FIRST ACTIONS AS PRESIDENT WAS TO REAFFIRM THE SHANGHAI COMMUNIQUE OF 1972. HE HAS EXPRESSED HIS DETERMINATION TO COMPLETE THE PROCESS OF BUILDING A NEW RELATIONSHIP WITH PEKING.

IN STRUCTURING OUR RELATIONSHIP WITH THE CHINESE, WE WILL NOT ENTER INTO ANY AGREEMENTS WITH OTHERS THAT ARE DIRECTED AGAINST THE PEOPLE'S REPUBLIC OF CHINA. WE RECOGNIZE AND RESPECT CHINA'S STRONG COMMITMENTS TO INDEPENDENCE, UNITY AND SELF-RELIANCE.

DR. BRZEZINSKI'S TRIP TO CHINA WAS THE MOST RECENT AFFIRMATION OF THE IMPORTANCE TO BOTH COUNTRIES OF THE WASHINGTON-PEKING RELATIONSHIP. AS DR. BRZEZINSKI SAID IN PEKING, A STRONG AND SECURE CHINA IS IN AMERICA'S INTEREST. I ACCOMPANIED HIM ON HIS VISIT AND CAN ATTEST TO THE FACT THAT IT ENHANCED U.S.-CHINESE RELATIONS FROM A LONG RANGE STRATEGIC POINT OF VIEW.

NEVERTHELESS, THERE IS AN INCOMPLETENESS IN THE RELATIONSHIP WHICH, OVER TIME, COULD RENDER IT VULNERABLE TO

UNCLASSIFIED

PAGE 11 STATE 153770

EXTRANEIOUS FACTORS, RAISING ONCE AGAIN THE PROSPECTS OF NEEDLESS CONFRONTATION OR MISUNDERSTANDING BETWEEN TWO MAJOR POWERS. THIS WOULD DEPRIVE US OF THE OPPORTUNITY TO ACHIEVE GREATER COOPERATION WITH CHINA ON GLOBAL AND REGIONAL ISSUES.

NORMALIZATION WOULD NOT SOLVE ALL OF OUR PROBLEMS OR DISAGREEMENTS, BUT IT WOULD HELP CONSOLIDATE OUR NON-CONFRONTATIONAL RELATIONSHIP. AND IT WOULD HELP ENSURE THAT THE CURRENT BALANCE IN THE ENTIRE REGION REMAINS INTACT. WE ARE THEREFORE CONVINCED THAT NORMALIZATION IS AN ESSENTIAL OBJECTIVE FOR OUR NEW ASIAN POLICY.

IN PURSUING THIS OBJECTIVE, WE ARE CONSTANTLY MINDFUL OF THE WELL BEING OF THE PEOPLE OF TAIWAN. THUS, WE ARE CONTINUING TO SEEK THAT FRAMEWORK WHICH ALLOWS US TO MOVE AHEAD WITH OUR STRATEGICALLY AND HISTORICALLY IMPORTANT RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA, WHILE AT THE SAME TIME TAKING FULL ACCOUNT OF OUR CONCERNS REGARDING TAIWAN. OUR INTEREST IS THAT WHATEVER SOLUTION THERE MAY BE TO THE "TAIWAN QUESTION" THAT IT WILL BE A PEACEFUL ONE. WE ARE CONFIDENT THAT IN THE

FUTURE WE STILL WOULD BE ABLE TO CONTINUE THE MANY
MUTUALLY BENEFICIAL RELATIONSHIPS WHICH LINK US TO THE
PEOPLE OF TAIWAN.

THE FOURTH KEY ELEMENT OF OUR POST-VIETNAM/ASIA POLICY
IS A STRONG EMPHASIS ON PROMOTING U.S. TRADE AND INVEST-
MENT IN ASIA. ECONOMIC RELATIONS ARE NOW THE SINGLE
MOST IMPORTANT EMERGING ELEMENT OF OUR RELATIONSHIP WITH
ASIA, AND THEY MUST NOT TURN INTO A ONE-WAY FLOW.

PROMPTED BY OUR LARGE TRADE DEFICIT WITH THE REGION,
SOME HAVE ARGUED RECENTLY THAT U.S. TRADE WITH ASIA IS
INCREASINGLY DISADVANTAGEOUS TO THE U.S. IT IS OUR
CONVICTION, HOWEVER, THAT INCREASING U.S. EXPORTS IS
UNCLASSIFIED

UNCLASSIFIED

PAGE 12 STATE 153770

THE BEST WAY TO REDUCE OUR TRADE DIFFICULTIES WITH ASIA.
THE REASON IS CLEAR AND SIMPLE. INTERNATIONAL TRADE
AND U.S. EXPORTS CREATE JOBS FOR AMERICANS. THE DEPART-
MENT OF COMMERCE ESTIMATES THAT EVERY BILLION DOLLARS
OF U.S. EXPORTS TRANSLATES DIRECTLY INTO 30,000 AMERICAN
JOBS. ONE OUT OF EVERY THREE AGRICULTURAL SECTOR JOBS
IN NOW EXPORT-DIRECTED. IN THE MANUFACTURING SECTOR,
ONE OUT OF EVERY SEVEN JOBS IS EXPORT-RELATED. THUS,
OUR EXPORTS TO JAPAN ALONE IN 1977 -- WHICH TOTALED TEN
AND-ONE-HALF BILLION DOLLARS -- PROVIDED DIRECT EMPLOY-

MENT FOR 315,000 AMERTCANS. OUR TOTAL EXPORTS TO ALL OF
ASIA IN 1977 OF 20.9 BILLION DOLLARS PROVIDED JOBS FOR
ABOUT 627,000 AMERICANS. BUT EVEN THESE FIGURES DO NOT
TELL THE WHOLE STORY. THE DEPARTMENT OF LABOR ESTIMATES
THAT FOR EVERY JOB DIRECTLY INVOLVED IN THE PRODUCTION
OF ITEMS FOR EXPORT, ANOTHER JOB IS CREATED IN AN ALLIED
OR SUPPORTING INDUSTRY.

SLOW EXPORT GROWTH OVER THE LAST FOUR YEARS IS SECOND
ONLY TO ENERGY IMPORTS AS A CAUSE OF THE LARGE AND
DESTABILIZING U.S. TRADE DEFICIT. RECOGNIZING THIS,
PRESIDENT CARTER ASKED SECRETARY OF COMMERCE KREPS TO
HEAD A CABINET-LEVEL TASK FORCE TO REVIEW OUR EXPORT
POLICY. THE TASK FORCE RECOMMENDATIONS, WHICH WILL BE
PRESENTED TO THE PRESIDENT SOON, FOCUS ON MODIFICATIONS
OF GOVERNMENTAL PROCEDURES WHICH CREATE DISINCENTIVES
TO EXPORTS, AND PROPOSE NEW GOVERNMENTAL PROGRAMS TO
FACILITATE MARKETING EFFORTS BY U.S. FIRMS ABROAD.

IT IS HERE THAT YOU AND YOUR STATES PLAY A DRAMATIC AND
LEADING ROLE -- PARTICULARLY THROUGH YOUR EXPORT
INDUSTRIES AND BUSINESS.
UNCLASSIFIED

UNCLASSIFIED

PAGE 13 STATE 153770

MORE THAN 20 BILLION DOLLARS IN EXPORTS WERE SHIPPED FROM YOUR STATES IN 1976. CALIFORNIA LED THE ENTIRE COUNTRY BY A LARGE MARGIN IN THE EXPORT OF MANUFACTURED GOODS, WITH OVER 8 BILLION DOLLARS IN SHIPMENTS AND OVER 11 BILLION DOLLARS IN TOTAL EXPORTS -- 65 PERCENT OF WHICH WENT TO ASIAN AND PACIFIC COUNTRIES. WASHINGTON, WITH OVER 3 BILLION DOLLARS IN MANUFACTURING EXPORTS, ALSO RANKED AMONG THE TOP EIGHT STATES IN THE NATION. OREGON SENDS 83 PERCENT OF ITS 1.6 BILLION DOLLARS IN EXPORTS TO ASIA -- TRADE WHICH PROVIDES JOBS TO 11 PERCENT OF OREGON'S WORK FORCE.

EXPORTS ARE AN INCREASINGLY IMPORTANT PART OF YOUR STATE ECONOMIES. MOST OF YOUR STATES HAVE TRIPLED OR QUADRUPLLED THE DOLLAR VALUE OF YOUR EXPORTS BETWEEN 1972 AND 1976, WITH IDAHO REGISTERING A SIX-FOLD INCREASE. INFLATION ACCOUNTED FOR SOME OF THOSE GAINS, BUT THERE WERE SOLID INDICATORS OF REAL GAINS. FOR EXAMPLE, THE TOTAL NUMBER OF PERSONS EMPLOYED IN MANUFACTURING EXPORTS IN YOUR STATES ALMOST DOUBLED BETWEEN 1972 AND 1976.

THE IMPORTANCE OF EXPORT PROMOTION TO THE WESTERN STATES IS CLEAR -- IN ALASKA, 22 PERCENT OF MANUFACTURING EMPLOYMENT IS RELATED TO EXPORTS; IN WASHINGTON, THE FIGURE IS 12.5 PERCENT; IN ARIZONA, AND HERE IN HAWAII,

IT IS 11.6 PERCENT. IN CALIFORNIA, THE PERCENTAGE IS LOWER, 7.8 PERCENT, BUT THE ABSOLUTE NUMBERS ARE LARGE: 125,000 PEOPLE ARE EMPLOYED IN MANUFACTURING EXPORTS ALONE.

YOU CAN HELP EXPORT PROMOTION EFFORTS BY TELLING YOUR BUSINESS CONSTITUENTS THAT THE INVESTMENT CLIMATE IN ASIA IS MUCH IMPROVED AS WELL. FOLLOWING THE END OF THE VIETNAM WAR, THE AMERICAN BUSINESS COMMUNITY GREW

UNCLASSIFIED

UNCLASSIFIED

PAGE 14 STATE 153770

LESS CERTAIN ABOUT THE PROSPECTS FOR MAINTAINING A FAVORABLE ECONOMIC CLIMATE IN ASIA. BUT NOW THAT THREE YEARS HAVE PASSED, WE CAN SEE THAT THOSE FEARS WERE EXAGGERATED AND UNJUSTIFIED. AS A RESULT OF THE POLITICAL STABILITY IN THE MARKET ECONOMY COUNTRIES, THERE IS A TREMENDOUS REGIONAL MARKET DEVELOPING THAT WILL BE INCREASINGLY HUNGRY FOR AMERICAN QUALITY PRODUCTS AND

ATTRACTIVE TO AMERICAN CAPITAL. TOGETHER, UTILIZING ALREADY EXISTING FACILITIES SUCH AS THE EXIM BANK AND THE OVERSEAS PRIVATE INSURANCE CORPORATION, WE IN FEDERAL AND STATE GOVERNMENTS CAN BE IMPORTANT CATALYSTS IN HELPING AMERICA INCREASE ITS SHARE OF THE LUCRATIVE TRADE AND INVESTMENT MARKETS.

I HAVE TALKED ABOUT THE COMMERCIAL OPPORTUNITIES FOR THE U.S., BUT THERE IS ANOTHER SIDE TO THE COIN AS WELL. THE FUTURE OF THE PACIFIC COMMUNITY IS CLOSELY TIED TO THE MAINTENANCE OF OPEN MARKETS IN THE WESTERN STATES. THIS IS TRUE FOR JAPAN AND FOR THE NEWLY INDUSTRIALIZING NATIONS OF THE REGION. THE LATTER GROUP, IN PARTICULAR, PRESENTS US WITH NEW CHALLENGES AS THEY ARE BECOMING INCREASINGLY COMPETITIVE WITH US IN WORLD MARKETS. WE MUST ENSURE THAT THIS COMPETITION IS CONDUCTED ACCORDING TO ACCEPTED INTERNATIONAL TRADE RULES, AND THAT WE HAVE DOMESTIC POLICIES IN PLACE TO CUSHION ANY ADJUSTMENT COSTS TO OUR OWN INDUSTRIES AND WORKERS. IT IS ESSENTIAL TO THE GROWTH AND DEVELOPMENT OF BOTH ASIA AND THE AMERICAN WEST TO KEEP OUR MARKETS OPEN.

I DO NOT PRETEND THIS IS AN EASY TASK FOR US AS PUBLIC OFFICIALS, OR FOR THE WESTERN BUSINESSES AND WORKERS THAT MUST COMPETE. HOWEVER, THERE IS HARDLY ANYTHING MORE IMPORTANT TO THE FUTURE OF THE ADVANCED DEVELOPING UNCLASSIFIED

UNCLASSIFIED

PAGE 15 STATE 153770

NATIONS OF ASIA NOR ANY GREATER TEST OF OUR ABILITY TO KEEP OPEN THE WORLD ECONOMY.

THERE ARE MANY OTHER SUBJECTS WHICH I WOULD LIKE TO DISCUSS -- OUR RECENT ANZUS CONSULTATIONS, THE EMERGENCE OF ASEAN, FOR WHICH VICE PRESIDENT MONDALE

EXPRESSED OUR STRONG SUPPORT ON HIS RECENT TRIP, AND THE QUESTION OF RELATIONS WITH VIETNAM, TO WHOM WE HAVE MADE A REASONABLE OFFER TO ESTABLISH DIPLOMATIC RELATIONS AND TO LIFT THE TRADE EMBARGO. UNFORTUNATELY, TIME WILL NOT PERMIT. BUT BEFORE I ANSWER YOUR QUESTIONS, LET ME MENTION TWO HUMANITARIAN PROBLEMS OF DEEP CONCERN: THE PLIGHT OF THE INDOCHINA REFUGEES AND FOOD SHORTAGES. REFUGEES ARE STILL FLEEING FROM VIETNAM AND THE INCOMPREHENSIBLE HORRORS OF CAMBODIA; IN FACT, AT AN INCREASING RATE LATELY. MANY SET OUT IN RICKETY BOATS WITH FEW SUPPLIES, AND ESTIMATES ARE THAT ONLY HALF MAKE IT TO ANOTHER PORT. THERE THEY OFTEN LANGUISH IN BARELY ADEQUATE CONDITIONS IN MAKESHIFT CAMPS. THE VICE PRESIDENT AND I WERE DEEPLY MOVED BY WHAT WE SAW AND THE VICE PRESIDENT REPORTED HIS FINDINGS TO PRESIDENT

CARTER AND SECRETARY VANCE. OUR VIEW IS THAT THE U.S. WITH ITS GREAT HUMANITARIAN TRADITION, CANNOT TURN ITS BACK ON THIS CONTINUED OUTFLOW OF PEOPLE.

THE ADMINISTRATION HAS ANNOUNCED ITS INTENTION TO RECEIVE 25,000 INDOCHINESE REFUGEES PER YEAR. WE WILL DO OUR PART, BUT WE CALL ON OTHER NATIONS TO JOIN US IN AN INTERNATIONAL EFFORT TO DEAL WITH THIS TRAGIC SITUATION AND TO ASSIST IN ALLEVIATING THE BURDEN ON THE SOUTHEAST ASIAN AND PACIFIC COUNTRIES WHO TEMPORARILY ACCOMMODATE INDOCHINESE REFUGEES. SOME NATIONS, LIKE FRANCE, AUSTRALIA, CANADA, HAVE RESPONDED WELL. OTHERS HAVE BEEN LESS HELPFUL.

UNCLASSIFIED

UNCLASSIFIED

PAGE 16 STATE 153770

NO OTHER PART OF OUR NATION HAS DONE MORE THAN YOUR STATES TO ASSIST THOSE ALREADY HERE. DESPITE THE GROWING DIMENSIONS OF THE PROBLEM, I HOPE THAT THE SPIRIT OF AMERICAN COMPASSION WILL NOT ALLOW US TO TURN OUR BACKS ON THOSE STILL IN DESPERATE NEED OF HELP.

THE INDOCHINA REFUGEE DILEMMA IS THE MOST VISIBLE ASPECT OF OUR HUMAN RIGHTS EFFORTS. BUT THE DRAMA AND URGENCY OF THAT SITUATION SHOULD NOT OBSCURE THE FUNDAMENTAL ACTIONS OF THE U.S. IN PROMOTING THE DIGNITY AND RIGHTS OF PEOPLE IN ALL NATIONS. WE WILL CONTINUE TO SPEAK OUT IN APPROPRIATE FASHION WHEN WE FEEL THAT HUMAN DIGNITY IS BEING DIMINISHED OR THOSE RIGHTS ABRIDGED AND WE BELIEVE THAT REAL PROGRESS HAS BEEN MADE IN SOME COUNTRIES WITH WHICH WE HAVE LONG HAD, AND INTEND TO MAINTAIN, VERY CLOSE TIES OF FRIENDSHIP.

THE OTHER HUMANITARIAN CONCERN I WOULD LIKE TO MENTION, ONE LONG PRE-DATING THE REFUGEE PROBLEM, IS THE STATE OF

AGRICULTURE, WHICH REMAINS THE WEAKEST LINK IN THE ASIAN DEVELOPMENT SCENE. SURVEYS BY THE ASIAN DEVELOPMENT BANK AND THE WORLD BANK INDICATE THAT IMPROVEMENTS IN RURAL LIVING STANDARDS IN MUCH OF NON-COMMUNIST ASIA LAG FURTHER BEHIND THE MODERNIZED INDUSTRIAL SECTOR. THERE ARE ALSO SERIOUS FOOD SHORTAGES AND NUTRITIONAL DEFICIENCIES IN SOME AREAS. FOR EXAMPLE, ONE-THIRD OF LAST YEAR'S ENTIRE WORLD TRADE IN RICE -- WELL OVER 2 MILLION TONS -- WENT TO INDONESIA. THIS IS A GENUINE CAUSE FOR CONCERN.

IN THE SHORT TERM, THE U.S. AND OTHER DONORS CAN DO MUCH TO ALLEVIATE THE FOOD SHORTAGES AND MALNUTRITION
UNCLASSIFIED

UNCLASSIFIED

PAGE 17 STATE 153770

PLAGUING SOME ASIAN COUNTRIES. IN THE LONG RUN, THE ANSWER LIES IN THE DEVELOPMENT AND MODERNIZATION IN THE RURAL ECONOMIES OF ASIA. THE U.S. CAN MAKE A LARGE CONTRIBUTION TO THIS PROCESS WITH CAREFULLY DIRECTED DEVELOPMENT PROGRAMS SUPPORTED BY PL-480 AND AID ASSISTANCE, SUPPORT FOR AGRICULTURAL DEVELOPMENT PROJECTS SPONSORED BY INTERNATIONAL LENDING INSTITUTIONS, AND THE TRANSFER OF APPROPRIATE TECHNOLOGY AND CAPITAL TO THE RURAL SECTOR. WE ARE WORKING CLOSELY WITH THE ASEAN COUNTRIES TO ACHIEVE JUST THIS SORT OF DEVELOPMENT. JAPAN IS ALSO AIDING IN THIS EFFORT.

IN SUM, ASIA TODAY PRESENTS BOTH CHALLENGES AND OPPORTUNITIES FOR AMERICANS. WE ARE AN INTEGRAL PART OF THE PROCESS OF CHANGE IN THE REGION BECAUSE OF OUR HISTORY, OUR GEOGRAPHY, AND BECAUSE OF SHARED VALUES AND INTERESTS. WE WILL ALWAYS BE A POWER IN THE REGION, BUT WE REALIZE THAT POWER MUST BE NEWLY DEFINED AND REDEFINED AS CIRCUMSTANCES EVOLVE. IN ASIA AND THE PACIFIC, IT NOW LARGELY MEANS COOPERATION, NOT ONLY WITH OLD FRIENDS BUT, IF THEY WISH, WITH OLD ADVERSARIES. OUR INTEREST AND INVOLVEMENT IN THE REGION WILL REMAIN, BUT THE SHAPE AND SIZE OF THAT INVOLVEMENT WILL CONTINUE TO ADAPT. WE ARE PLEASED THAT THE GOVERNMENTS OF THE REGION ARE TAKING THE INITIATIVE IN PROMOTING THE SECURITY AND WELL-BEING OF THEIR PEOPLES. WE ARE PROUD OF THE CONSTRUCTIVE ROLE OF THE UNITED STATES IN THE AREA, AND WE LOOK FORWARD TO CONTINUED COOPERATION WITH THIS MOST DYNAMIC AND POPULOUS REGION OF THE WORLD. IF THE PEOPLE OF THE AMERICAN WEST CONTINUE TO BUILD SPECIAL AND CLOSER TIES WITH THE PACIFIC -- IN TRADE, IN CULTURAL EXCHANGE, IN PEOPLE-TO-PEOPLE CONTACTS, AND IN ANY OTHER WAYS THAT YOU SEE FIT -- IT WILL STRENGTHEN OUR NATION, THE ENTIRE VAST REGION, AND INDEED THE CAUSE OF PEACE AND PROGRESS IN THIS MOST EXCITING AND DYNAMIC PART OF THE WORLD. NEWSOM

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SPEECHES, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE153770
Document Source: CORE
Document Unique ID: 00
Drafter: EA:KQUINN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780253-1019
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780649/aaaabqhc.tel
Line Count: 695
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7a29c486-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 13
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2314000
Secure: OPEN
Status: NATIVE
Subject: SPEECH BY ASSISTANT SECRETARY HOLBROOKE ON U.S. POLICY IN EAST ASIA
TAGS: SOPN, PINT, ECON, US, XC, (HOLBROOKE, RICHARD)
To: EA POSTS LONDON MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7a29c486-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014